not enough and they would like that the Government should come out with more specific proposals. And also they have made certain specific proposals. Those decisions are pending with the Government.

PROF. P.J. KURIEN: No. Our hon. Prime Minister visited there where he addressed the Indian industrialists. After that, the German Delegation visited India. They have expressed appreciation over the liberalisation policy; and the Delegation also indentified certain areas for investment. There is nothing like that the investors are not satisfied with what we have already done; that can be very clear from the investment proposals which are being cleared after the new policy has been announced. For the benefit of the hon. Members, I would like to say that, after the policy has been announced, we have cleared foreign investment proposals; they are cleared and issued by the Secretariat for Industrial Approval. The clearance was for Rs. 997.63 crores; nearly Rs. 1000 crores. How does he compare it with the corresponding period of the previous year? It is interesting to know that in the corresponding period of the previous year, the investment was only Rs. 72.99 crores; nearly Rs. 73 crores. So, you can know that after the policy announcement, the increase in investment is 14 times more than corresponding period of the provious year. This shows that our policy has been widely welcomed; and not only that, our policy has gone very much to the benefit of the nation that we are getting the much needed foreign exchange through investments.

Most of these investments are in the priority sectors also.

THE PRIME MINISTER (SHRI P.V.NARASIMHA RAO): I would like to add something to which my colleague perhaps has not come to know. In the next two or three days, we are likely to jump from Rs. 900 or Rs. 1000 crores to another Rs. 1000 crores. Very big projects are in the offing; they are more or less at the final stage, yet I cannot say that it has been done, but there is a likelihood of their being cleared; which means that from Rs. 1000 to Rs. 2000 crores, there will be a wide jump during the next few days.

SHRI DIGVIJAYA SINGH: At least, the Leftists and the JD should support the Industrial Policy.

Improvement of Fiscal management

\+

*102 SHRI GEORGE FERNANDES:
SHRI MOHAN RAWALE:

Will the Minister of PLANNING AND PROGRAMME IMPLEMENTATION be pleased to state:

(a) whether the National Development Council met at Delhi in the last week of December, 1991;

(b) if so, whether the steps to improve fiscal management for increasing revenue and reducing expenditure both by the Union and State Governments were also discussed in the meeting; and

(c) if so, the salient features thereof?

THE MINISTER OF STATE OF THE MINISTRY OF PLANNING AND PROGRAMME IMPLEMENTATION (SHRI H.R. BHARDWAJ): (a) Yes, Sir. The 43rd meeting of the National Development Council was held in Delhi on 23rd and 24th December, 1991.

(b) and (c). A statement is laid on the Table of the House.

The question of improving fiscal management for increasing revenue and reducing expenditure has been adequately taken care of in para 91 of the Directional paper entitled "Objectives, Thrusts and Macro Dimensions of the Eighth Plan" which was considered and endorsed by the National Development Council in its meeting held on 23rd and 24th December, 1991. The document was laid on the Table of Lok Sabha on 26th February 1992. The relevant extracts as given in para 91 of the Directional Paper are as follows:

"Improved fiscal management by the States and Centre must aim both at increasing revenue and restricting expenditures. With regard to revenue some of the areas which may need increased attention are; increasing the direct taxes as a proportion of GDP, minimising exemptions and concessions in the computation of taxable income and widening the tax net through such measures as presumptive taxes and bringing agricultural income under the tax net. Besides the disinvestment of shares of public sector enterprises to an extent larger than contemplated in the recent Budget, the sale of public sector enterprises which are not in the essential core sector may form part of an overall strategy to raise receipts. Rationalisation of subsidies and a more appropirate pricing of certain products and services such as electricity, water and transport are also relevant. As for expenditures, besides the containment of growth in staff strength, some thought will have to be given whether in some areas the duplication of functions by the Centre and the States can be avoided leading to a more rational distribution of staff. Pruning of defence expenditures is also needed, if the effort to contain the overall expenditure is to succeed."

Translation]

SHRI GEORGE FERNANDES: Mr. Speaker, Sir, the question has come up at a time when we are going to discuss the Budget. I shall not ask any big question relating to the policies of the Government but it appears to me that the policies of the Government presented in the meeting of the National Development Council on December 23-24 and those implemented through the Budget are contradictory. It is contradictory in the sense that here you are stating:

[*English*]

" Improved fiscal management by the States and Centre must aim both this and that. with regard to revenue some of the areas which may need increased attention are: increasing the direct taxes as a proportion of GDP...."

[*Translation*]

Further you are stating that as per expenditure

[*English*]

"Containment of staff strength, etc. and pruning of defence expenditure is also needed."

[*Translation*]

Now we are finding that the points included in this document, which might have been passed unanimously by the National Development Council, and those in the Budget for the current year are contradictory. What does the Government want to say in this regard?

[*English*]

SHRI H.R. BHARDWAJ: Sir, so far as the question is concerned, the point is how to improve the fiscal management and increasing the revenues and reduce the expenditure. The NDC was unanimous in this, that it is high time that we reduce our expenditure and increase the revenues. There are no t opinions about this. For that, the Prime Minister immediately constituted a committee on austerity headed by Shri Biju Pantnaik, Chief Minister of Orissa in which four Chief Minister and Central Ministers are members. So, austerity is the only measure which will improve fiscal management. Second point is how to augment the revenues. I am not going to answer what is provided in the Budget. But everybody feels that if you have a proper rationale and a proper taxation system, the revenues are going to improve. It is now provided and you will have a full debate on the Budget about the benefits of the proposals in the Budget. That is a different question altogether.

[*Translation*]

SHRI GEORGE FERNANDES: Mr. Speaker, Sir, there is no relevance between my question and the reply given by him. I have asked that the points included in this document in the National Development Council and the policies reflected in the Budget presented just now are not in any consonance. Now the Government has talked about austerity, I would not like to say anything on it because a lot of things can be said on it and there will be separate time allotted for it but he is not saying anything to contradict it.

[*English*]

SHRI H.R. BHARDWAJ: Let the hon. Member put a specific question where there is *antarvirodh* and all that. I do not find any *Antarvirodh*.

SHRI GEORGE FERNANDES: *Antarvirodh* is you are saying that increasing the direct taxes as a proportion to GDP will help is that what you have done?

SHRI H.R. BHARDWAJ: It is done to increases volume of taxes. If the realisation of tax increases we get more revenues and by these policies you get more taxes and revenue. There is nothing irrational in that.

MR. SPEAKER: Now the NDC has recommended. They have born in mind and to the extent possible they have accepted.

SHRI GEORGE FERNANDES: NDC has recommended and the Government will consider them in the next year's budget.

MR. SPEAKER: They have accepted to the extent possible.

[*Translation*]

SHRI GEORGE FERNANDES: Mr. Speaker, Sir, I would like to ask more question on the reply given by the hon. Minister. My question is that the Government is stating that it has to reduce expenditure and it has proceeded in that direction. On page 24 in the Economic Survey presented here, the Government has defined fiscal policy. Now I want to submit that there may be contradiction in the policy of the Government and its management as it exists between the document passed by the N.D.C. and the behaviour of the Government. In the same way, the Government has formulated its policy which is contradictory to its statement made just now. Because it states in its fiscal policy:-

[*English*]

It is done to direct Government expenditure towards providing essential public services of high quality to restore the Government capacity to make higher investment in infrastructure and human resources and to guide the economy and look after the weak and less privileged.

[*Translation*]

There is no consonance between the management set-up contained in the Budget for the current year and the policy given in the Economic survey as well as the policy being practised. There is total contradiction. Therefore, I would like to know from the Government...(*Interruptions*)...That means contradiction. I thought that your mother tongue is Hindi. I was not aware that Hindi is not your mother tongue.... (*Interruptions*)...Please excuse me. I cannot understand that people face such difficulties even on the use of Hindi. I wanted to submit whether the Governments will take steps to bring about a consonance among all the three different Government Departments, namely the Ministry of Finance, the Planning Commission and the National Development Council as there is no such consonance among them? I am seeing a gap between words and deeds, it should be made clear.

MR. SPEAKER: Shri Fernandes, comparative analysis of the statements of the Minister of Finance, the N.D.C. and the Planning Commission is not proper during question hour.

SHRI GEORGE FERNANDES: Mr.

Speaker, Sir, I have already told you...

MR. SPEAKER: Please be a bit specific in your questions.

SHRI GEORGE FERNANDES: The Government has reduced the allocation of funds in all the sectors in comparision with its objectives. But now it is saying here that it is its policy ..(*Interruptions*)..

MR. SPEAKER: What he means to say is that there is difference between the words and deeds of the Government. Is there anything like this?

(*Interruptions*)

MR., SPEAKER: All this comparison is not possible during Question Hour. You are allowed only two minutes.

(*Interruptions*)

SHRI H.R. BHARDWAJ: Mr. Speaker, Sir, I would like to tell the hon. member that there is neither any difference between words and deeds nor is any contradiction. The question is that it is felt that in order to overcome economic crisis, non-plan expenditure should be restricted. Therefore, export subsidy was abolished, fertilizer subsidy was rationalized and programme is going on to reduce some other non-plan expenditure, also. It has to be done by various Governments and the Central Government also. Further, minimising exemption introduction of presumptive taxation etc. are, all aimed in this direction. So far as allocation of money is concerned.. (*Interruptions*)..

[*English*]

SHRI GEORGE FERNANDES: That is not true. Sir, he is misleading the House. He should not be allowed to do that. Here is your Budget at a glance. Your revenue expenditure went up from 73,516 to Rs.89.000. Your capital expenditure is down from Rs. 31,800 to Rs.21,530..(*Interruptions*) Sir, he should not be allowed to mislead the House..(*Interruptions*)

SHRI H.R. HBHARDWAJ: Sir, it is not my habit to mislead the House. And it is on the other side. I do not mislead the House. I will not tolerate such remarks..(*Interruptions*)

SHRI GEORGE FERNANDES: Mr. Speaker, Sir, you should allow him to mislead the House...(*Interruptions*)

MR. SPEAKER: The data can be compared.

(*Interruptions*)

SHRI GEORGE FERNANDES: Am I not making a pointed question? (*Interruptions*) when you are giving wrong information, should I not be excited? It is not my habit..(*Interruptions*)

SHRI H.R. BHARDWAJ: You always do that. You lose your balance. (*Interruptions*)

SHRI GEORGE FERNANDES: You have no business to mislead the House..(*Interruptions*)

MR. SPEAKER: May I request the Members to address the Chair?

[*Translation*]

SHRI MOHAN RAWALE: Mr. Speaker, Sir, the Chief Ministers of all States have supported the call given by the Prime Minister in the N.D.C. meeting to reduce Government expenditure but the Government has taken no steps in that regard. I would like to know from the hon. Minister that a sum of Rs. 3, 000 crore was spent on non-plan-expenditure in 1975-76 and now this expenditure is Rupees fifteen thousand crore. Now I would like to know as to how much money is to be reduced in next three years to minimise expenditure and in what way the Government would earn money to cover up the reduction?

[*English*]

SHRI H.R. BHARDWAJ: Sir, the decision taken in the NDC meeting is being

implemented. On 19th February, a Committee has been constituted, as I mentioned earlier, consisting of some of the Chief Ministers and the Central Ministers. And the terms of reference are there. That is the only way we can discuss it because it is a national effort. The Centre and the States will have to coordinate on this. And on that matter, I will collect the figures and pass it on to the hon. Member.

PROF. K.V. THOMAS: Sir, the new Industrial Policy of the Government and the new proposals in the present Budg· shows the thrust given by the present Government on the fiscal management. Sir, unless the State Governments also function in the same wave length, this new thrust gi·en by the Government of India will not become more effective. What are the steps taken by the Government so that both at the Centre and in the States, there are more or less the same Industrial Policy and more or less the same economic measures and also the things can go in a more effective manner both at the Centre and in the States?

MR. SPEAKER: For Policy co-ordination, at the Central level and at the State level, are there any steps?

SHRI H.R. BHARDWAJ: So far as the Industrial Policy is concerned, it is well known that it is formulated and put before the honorable House and debated. And then we take it up in the implementation part in the Planning Commission and all allocations are made according to the discusions that take place between the State and the Centre. Nothing is being decided in isolation or without discussion.

Foreign Capital Investment in India

*103. SHRI HARI KISHORE SINGH: Will the PRIME MINISTER be pleased to state the details of the plan chalked out by the Union Government to attract foreign capital investment in India?

THE MINISTER OF STATE OF THE MINISTRY OF INDUSTRY (PROF. P.J. KURIEN): A statement is laid on the Table of the House.

STATEMENT

Various Policy initiatives adopted by the Government to attract foreign capital for industrial investment in India have already been spelt out in the Statement on Industrial Policy tabled in both Houses of Parliament on 24th July, 1991. Under the Policy, automatic approvals are being given by the Reserve Bank of India for direct foreign investment upto 51% foreign equity in high priority industies listed in Annex III to the Statement. To provide access to international markets, majority foreign equity holding upto 51% is also being automatically permitted by the Reserve Bank of India for trading companies, primarily engaged in export activities. Further, automatic approval is also given by the RBI for raising foreign equity upto 51% in existing companies with some foreign equity, provided they undertake an expansion in the high priority sector (Annex III) or if they are already engaged in an Annex III activity. Other foreign investment proposals, outside the parameters for automatic clearance, are also considered and cleared on merits by the Government.

Government have also constituted a special empowered body, namely the Foreign Investment Promotion Board, to invite and facilitate investment in India by international companies in projects of benefit to the Indian economy and which do not fall within the parameters of the existing policy for clearance of foreign investment proposals.

SHRI HARI KISHORE SINGH: Sir, from this Statement it is a not very clear what the further detailed policies the Government proposes to adopt. 51 per cent equity participation by foreign companies has been allowed. May I know from the hon. Minister what has been the result and whether any substantial foreign investment has been coming and if so in which sector? Secondly, is it a fact that there has been a pressure on the Government to allow investment in consumer goods sector particularly the Coca-Cola and the Kellog breakfast foods?